

**SUMMARY OF THE REGULAR MEETING OF THE  
ARIZONA STATE RETIREMENT SYSTEM  
OPERATIONS COMMITTEE**

**HELD ON  
Thursday, September 21, 2006  
10:30 a.m., MST**

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14<sup>th</sup> Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Michael Townsend, Chair, called the meeting to order at 10:30 a.m.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

**1. Call to Order; Roll Call; Opening Remarks**

Present:       Mr. Michael Townsend, Chair  
                  Mr. Steven Zeman, Vice-Chair  
                  Dr. Keith Meredith (via Teleconference)  
                  Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

**2. Presentation, Discussion and Appropriate Action Regarding the Deputy Director's Quarterly Information Technology (IT) Plan Report**

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer introduced Mr. Bob Solheim, the ASRS Independent Advisory Consultant (IAC), who updated the Committee on the status of various projects within the IT Plan from an enterprise-wide perspective.

Mr. Solheim presented a chart to the Committee regarding an assessment of the enterprise IT plan's progress. The chart was divided into the various key performance indicators of the plan. Each indicator was rated green (satisfactory progress), yellow (at risk), or red (unsatisfactory). All items were rated green, except for the item regarding staffing levels. Mr. Solheim noted the turnover rate of contractors had significantly affected the turnover rate. He said the turnover was

due to the strong IT market where contractors can often gain greater compensation in the private sector.

He also noted the following items on the scorecard: 1) the new Forfeitures, Disbursements and FMS applications are being used in production, 2) the Fiscal Year-end 2006 processing has been completed, 3) member statements have been printed and are ready to be mailed, and 4) backfile conversion is on schedule for completion in 2006.

Mr. Kent Smith, Assistant Director, Information Services Division (ISD), gave an update on the current status of various information technology projects. He noted that only four items (contribution posting, survivor benefits, excess benefits and service requests) are at a 30% or less completion status. He gave a comprehensive review of the status of each item within the plan and noted that the plan looked very promising for completion on time and within budget.

### **3. Presentation, Discussion and Appropriate Action Regarding ASRS Recruitment and Staffing Strategies**

Mr. Guarino introduced Ms. Martha Rozen, Chief of Administrative Services, and Ms. Maurah Harrison, Human Resources Director, who gave a presentation on the staffing goals and requirements set out by the ASRS Strategic Plan. Ms. Rozen noted that the agency was having difficulty in maintaining sufficient permanent staff levels throughout calendar year 2005 and the Human Resources division of the ASRS began taking steps to develop and implement strategies to ensure quality talent was brought into the agency at sufficient levels to fill vacancies.

Ms. Rozen then reviewed the areas which were of specific focus for Human Resources, including trends, recruitment, organization, retention, and the ASRS vision for the future. Of note, she said the goal was to track and analyze trends in recruitment and retention to maintain a viable workforce. It was stated that the number of vacant positions were reviewed monthly and on an annualized basis, while the objective was to maintain no more than a 10% vacancy rate for at least six months out of the year.

She also said there had been some changes in recruitment and staffing through things such as job fairs and offering part-time positions. Additionally, the ASRS was working with “partners” such as colleges and universities to find potential employees.

### **4. Review of Recently Conducted Audits**

- **Arizona Exposition and State Fair**
- **Agency Compliance: Follow-up Audit**

Mr. Bernard Glick, Chief Internal Auditor, presented to the Committee a brief update on agency compliance from outstanding issues raised during prior audits. The follow-up related to: Accounts Payable, Arizona Department of Veterans Services, Arizona Department of Health Services, Data Integrity, and Litchfield Elementary School District. Mr. Glick reported that all of the outstanding issues had been adequately addressed, although there were other additional

issues that arose from the follow-up. Mr. Glick said these additional issues would be monitored and resolved.

Mr. Glick then gave a report on a recent audit of the Arizona Exposition and State Fair. He said it had been determined the employer owed the ASRS \$104,822 in contributions and interest due to a large number of eligible employees not having had contributions remitted to the ASRS. He also noted that the ASRS owed the Arizona Exposition and State Fair \$10,398 in contributions that should not have been collected due to the ineligible status of some employees. He said the audit was particularly challenging because the exposition and fair relies heavily on seasonal and part-time employees due to the nature of the work.

## **5. Request for Future Agenda Items**

The Committee members asked the following items be considered for future agendas:

- Anti-spiking Committee – Request that audit staff review potential abuses.

## **6. Call to the Public**

No members of the public addressed the Committee.

## **7. Adjournment of the OC**

Mr. Michael Townsend adjourned the meeting at 12:20 p.m.

Respectfully Submitted by,

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Zachary Kucera  
Committee Secretary

Date

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Anthony Guarino  
Deputy Director and Chief Operations Officer

Date